

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL

249

CALIFORNIA STATE UNIVERSITY AND COLLEGES
PROCUREMENT OF STUDENT
IDENTIFICATION CARDS

JANUARY 1975

TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

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STATE OF CALIFORNIA

GLEN H. (JACK) MERRITT, C.P.A.
CHIEF DEPUTY AUDITOR GENERAL

925 L STREET, SUITE 750
SACRAMENTO, CALIFORNIA 95814
(916) 445-0255

Office of the
Auditor General

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AUDITOR GENERAL

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DEPUTY-CHIEF COUNSEL

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DEPUTIES

January 22, 1975

Honorable Bob Wilson
Chairman, and Members of the
Joint Legislative Audit Committee
Room 4126, State Capitol
Sacramento, California 95814

Dear Mr. Chairman and Members:

Transmitted herewith is our report pertaining to the procedures of California State University and Colleges for the procurement of student identification cards. These cards contain photographs and various information in order to identify the holder of the cards.

Procedures for the procurement of student identification cards by the California State University and Colleges, rather than requiring procurement on a centralized basis, permit the separate procurement of these cards, subject to the approval of the Chancellor's Office and the Department of General Services, by each of the 19 state universities and colleges.

As one result of such separate procurements, restrictive specifications for the procurement of 14,000 student identification cards for fiscal year 1974-75 were prepared by California State Polytechnic University, Pomona, with the objective that a contract for the cards would be awarded to R. D. Products.

R. D. Products, which bid \$18,760, was the only contract bidder of the three bids opened on June 7, 1974 that met all of the specifications required by Cal State, Pomona. However, DEK/Electro, the low bidder in the amount of \$11,600, complained that the specifications made it impossible for anyone other than R. D. Products to bid responsively. DEK/Electro further stated that their identification card fully complied with the identification

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card specifications prepared by the Chancellor's Office, and that their card was already in use at several universities and colleges. The Chancellor's Office refused to approve the contract on the basis that the Cal State, Pomona's specifications were restrictive. Therefore, invitations to bid were solicited for the second time, but the bid opening on July 23, 1974 produced results similar to the June 7 bid opening.

Consequently, invitations to bid were solicited for a third time. In this instance Cal State, Pomona obtained approval of its specifications from the Chancellor's Office, which did not consider them restrictive. A November 19, 1974 bid opening resulted in R. D. Products being one of the two low bidders and a signed contract was sent to R. D. Products on December 2, 1974.

In addition to the added time and related expenses incurred by Cal State, Pomona in initially using restrictive specifications, borrower identification problems exist at the library, since the new identification cards have not yet been issued to students

Based on available records, purchases of the identification cards which contained photographs were made by 12 of the 19 state universities and colleges. However, none of the 12 made such purchases through the Department of General Services, which is capable of making centralized economical purchases. Rather, 12 separate procurements were effected. The cost per card to the 12 state universities and colleges ranged from \$.70 to \$.98.

If all of the 12 state universities and colleges that issued their own contracts for identification cards had paid the low cost of \$.70 per card, total costs for those 12 contracts would have been reduced by approximately \$34,000. Quantity purchase discounts might further reduce costs. Since the cost of the cards is financed from student fees, any reduction in costs would enable such fees to be lowered. Further, state costs would be reduced by an undetermined amount as the result of eliminating the costs of multiple purchases.

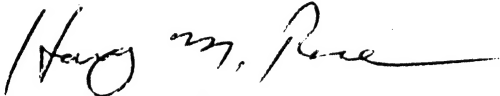
While we recognize that an individual university or college might have a valid reason for procuring a particular type of card, decisions of this nature should be made on a centralized basis in order to ensure economies.

Office of the Auditor General

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We recommend that the procurement of student identification cards be effected on a centralized basis through the Chancellor's Office by the Department of General Services.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harvey M. Rose".

Harvey M. Rose
Auditor General

Staff: Glen H. Merritt
Jerry L. Bassett
Gerald A. Silva
Dennis L. Sequeira

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INTRODUCTION

Pursuant to a legislative request, we have reviewed the procedures for the procurement of student identification cards by California State Polytechnic University, Pomona for fiscal year 1974-75. Our review also included the overall procedures for the procurement of identification cards used by the 19 state universities and colleges within the California State University and Colleges system.

These identification cards contain photographs and various information in order to identify the holder of the card.

The Chancellor of the California State University and Colleges has required the identification cards used by each state university and college to meet the uniform specifications adopted by the Chancellor's Office. The uniform specification requirement is primarily for the purpose of allowing a student on one campus to check library materials out of a library of a different campus.

FINDINGS

PROCEDURES FOR THE PROCUREMENT OF STUDENT IDENTIFICATION CARDS BY THE CALIFORNIA STATE UNIVERSITY AND COLLEGES, RATHER THAN REQUIRING PROCUREMENT ON A CENTRALIZED BASIS, PERMIT THE SEPARATE PROCUREMENT OF THESE CARDS BY EACH OF THE 19 STATE UNIVERSITIES AND COLLEGES. AS A RESULT, AN UNDETERMINED AMOUNT OF EXCESSIVE COSTS HAVE BEEN INCURRED BY THE STATE AND BY STUDENTS. FURTHER, AS A RESULT, AT LEAST ONE STATE UNIVERSITY AND COLLEGE, CALIFORNIA POLYTECHNIC UNIVERSITY, POMONA, INITIALLY PREPARED AND USED RESTRICTIVE SPECIFICATIONS TO PROCURE A SPECIFIED BRAND OF IDENTIFICATION CARDS.

The Chancellor's Office of the California State University and Colleges requires identification cards for students which meet uniform specifications adopted by the Chancellor's Office to facilitate library circulation control between the various state universities and colleges.

The present procedures for procurement of the identification cards permit each university and college to contract separately, subject to the approval of the Chancellor's Office and the Department of General Services. The cost of such cards is financed by a fee charged each student.

Restrictive Specifications

One result of allowing each university and college to procure its own identification cards is represented by the experience at California State Polytechnic University, Pomona. The Registrar and the Dean of Students at the California State Polytechnic University, Pomona advised us that restrictive specifications were prepared with the objective that the university would

award a contract for the student identification cards to R. D. Products. They stated that this would enable them to obtain a larger photograph and a more durable identification card. Our review of these specifications confirmed that they were more restrictive than the specifications for identification cards as approved by the Chancellor's Office.

On May 22, 1974, Cal State, Pomona mailed bid invitations for approximately 14,000 student identification cards for the 1974-75 fiscal year to six vendors; returned bids were opened on June 7, 1974. Of the three vendors that responded to the bid invitations, DEK/Electro was the low bidder at \$11,600, followed by Connecticut Laminating Co. at \$18,200, and R. D. Products at \$18,760; however, R. D. Products was the only vendor that met all of the specifications required by Cal State, Pomona.

DEK/Electro complained that the specifications designed by Cal State, Pomona made it impossible for anyone other than R. D. Products to bid responsively, and stated further that the DEK/Electro card complied fully with the Chancellor's Office specifications for identification cards. DEK/Electro also stated that their identification card was already in use at several state universities and colleges, as is the R. D. Products card at those state university and colleges where R. D. Products was the low bidder.

Specifically, Cal State, Pomona had modified or expanded upon the Chancellor's Office specifications by requiring:

1. Identification cards to be one solid background color that could be changed by photographing against a different color screen.
2. A head and shoulder portrait occupying 1/3 of the right-hand side of the card with a non-definitive line between the subject and the printed material
3. A duplicate photograph
4. The film to be Tri-Acetate Plastic base, 70 millimeter, direct positive color film
5. The card to be fully laminated and that the laminate be polyethelene
6. The signature of the subject to be on photographic film
7. A thin gauge vinyl plastic identification card holder.

The Chancellor's Office specifications make no reference to background colors, non-definitive lines, duplicate photographs, type of film, lamination, or vinyl plastic identification card holders. Nor do they specify a head and shoulder portrait on the right-hand side of the card or that the signature of the subject be on the photographic film.

As a result of complaints reported by DEK/Electro, on June 21, 1974, the Chancellor's Office recommended to Cal State, Pomona that the contract for identification cards be rebid since the bid specifications were restrictive.

On July 8, 1974, bids were again solicited for identification cards for the 1974-75 fiscal year; returned bids were opened on July 23, 1974. Cal State, Pomona recorded the three returned bids as follows: DEK/Electro \$14,700, the low bidder; R. D. Products \$15,238; and Connecticut Laminating Co. \$18,200. During the course of our investigation, we discovered a fourth bid which was never opened by Cal State, Pomona from Laminex, Inc. for \$14,700, exactly the same as the lowest opened bid. University officials stated that the non-opening of the Laminex, Inc. bid resulted from a simple mistake.

Once again the identification card specifications designed by Cal State, Pomona were restrictive in that they exceeded the Chancellor's Office specifications as the only material difference between the first and second specifications was the deletion of the film requirement. DEK/Electro complained again that the bid specifications were restrictive. However, on August 22, 1974, since R. D. Products was the only vendor that met all the specifications, California State University, Pomona awarded a contract in the amount of \$15,238 to R. D. Products to furnish the identification cards for the 1974-75 fiscal year. Such contracts are, however, subject to approval from the Chancellor's Office before they are binding upon the state, and on September 19, 1974 the Chancellor's Office disapproved the contract on the grounds that the bid specifications were restrictive.

As a result, the contract for identification cards for the 1974-75 fiscal year was rebid a third time on October 30, 1974. Cal State, Pomona's

specifications, for the third bid, after modification by the Chancellor's Office, were not considered restrictive and so were approved by the Chancellor's Office.

Bids for the identification card contract at Cal State, Pomona were opened for the third time on November 19, 1974 with the following results: Omni Card Systems, Inc. \$12,600, one low bidder; R. D. Products, Inc. \$12,600, the other low bidder; DEK/Electro \$15,680; and Connecticut Laminating Co. \$18,200. A signed contract was sent to R. D. Products, Inc. on December 2, 1974.

A recap of the bids is as follows:

<u>Vendor</u>	<u>Bid Amounts</u>		
	<u>June 7, 1974</u>	<u>July 23, 1974</u>	<u>November 19, 1974</u>
DEK/Electro	\$11,600	\$14,700	\$15,680
Connecticut Laminating Co.	18,200	18,200	18,200
R. D. Products	18,760	15,238	12,600
Laminex, Inc.	--	14,700*	--
Omni Card Systems, Inc.	--	--	12,600

*Bid never opened.

In addition to the added time and related expense incurred by Cal State, Pomona in initially attempting to use restrictive specifications, the procurement procedures have created problems for the library at Cal State, Pomona since the library's charge-out machines were adjusted to accommodate

new identification cards that have not as yet been issued. The Cal State, Pomona library currently loans 20,000 items monthly. Without proper borrowers' identification, the library could suffer losses in library materials until the required identification cards are issued to students.

Economies of Centralized Procurement

The centralized procurement of identification cards through the Chancellor's Office by the State Department of General Services, which could combine the requests for such cards from the various universities and colleges into one master contract as it does for other purchases, would be more economical than allowing each campus to contract separately.

Based on available records, we found that purchases of the student identification cards which contained photographs were made by 12 of the 19 universities and colleges. However, none of the 12 made such purchases through the Department of General Services. Rather, 12 separate procurements were effected.

As a result of allowing individual state universities and colleges to acquire their own identification cards, the cost per card for the 12 universities and colleges that issued separate contracts for the identification cards ranged from a low of \$.70 to a high of \$.98. Therefore, the most expensive card cost approximately 40 percent more than the least expensive card.

If all of the 12 state universities and colleges that issued their own contracts for photo identification cards had paid the low cost of \$.70 per card, total costs for those 12 contracts would have been reduced by approximately \$34,000, which would have enabled students' fees to be lowered.

A centralized procurement of the identification cards will preclude the additional costs of separate procurements and should result in the economies of quantity purchases. In our judgment, such centralized procurement is essential to ensure that student identification cards are purchased in the most economical manner possible. While we recognize that an individual university and college might have a valid reason for procuring a particular type of card, decisions of this nature should be made on a centralized basis in order to ensure economies.

RECOMMENDATION

We recommend that the procurement of student identification cards be effected on a centralized basis through the Chancellor's Office by the Department of General Services.

SAVINGS

Implementation of this recommendation will result in an undetermined amount of reduced costs, both to the state and to students.

SUMMARY OF AGENCY COMMENTS

Dean of Students, Cal State, Pomona
And His Staff

1. The Cal Poly, Pomona campus has unique needs arising from their system of registration which required student identification cards exceeding the uniform specifications adopted by the Chancellor's Office.
2. It was the Dean of Students at Cal Poly's understanding that the requirements set forth by the Chancellor's Office for student identification cards were only intended to be guidelines and that any card which could be used in library borrowing at all campuses would be acceptable.

Representatives of the
Chancellor's Office

1. The reason the Chancellor's Office did not require centralized purchasing of the student identification cards was to enable the special needs of each campus to be accommodated.